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Major News Releases and Speeches

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Testimony

U.S. Department of Agriculture • Office of Governmental and Public Affairs

Statement by Under Secretary of Agriculture Seeley G. Lodwick before the Senate Commerce Committee, Dec. 16, 1982

Mr. Chairman and members of the committee, I appreciate the opportunity to present the U.S. Department of Agriculture's views on S.2300, a bill to establish local content requirements for motor vehicles sold in the United States.

We strongly oppose this legislation, which would require an estimated 25 percent reduction in imports of automobiles and parts from any manufacturers not using a specified percentage of American-made components in the vehicle. And we are strongly opposed to other protectionist legislation under consideration by the Congress.

In terms of the general economy, we agree with Ambassador Brock's statement that the bill "is the worst threat to the international trading system and our own prosperity to be put before the Congress in a decade."

In terms of agriculture in particular, passage of this legislation would be a disaster. U.S. farmers, who depend on export trade for one-fourth of their income and as an outlet for the harvest from two-fifths of their cropland, would be severely damaged. So would business throughout America, both rural and urban.

The well-publicized financial troubles of the International Harvester Company are only one reflection of the slumping farm economy. Farmers are leading consumers of steel and rubber, which go into their tractors and other equipment; they bought more than $9 billion worth of fertilizer last year and use up to three-fourths of the pesticides produced by the U.S. chemical industry. They buy shoes, clothes, machinery, appliances and automobiles on Main Street, where economic life is geared to the farm economy.

Their ability to buy is heavily dependent on their ability to export. It is no statistical anomaly that the decline in farm income coincides with a decline in farm exports, which were down last fiscal year for the first time in 13 years and are expected to decline again this year.

So it is not surprising that exports are a top priority in agriculture, and that the administration is pressing hard to remove obstacles to international trade to get U.S. agricultural exports moving upward again.

We are in a period of discussions with U.S. agriculture's two leading trading partners, Japan and the European Community, that hold promise of positive results. Passage of this bill would seriously undermine these efforts to liberalize trade, and it would jeopardize our existing position in these two markets.

The legislation violates our obligations under the General agreement on Tariffs and Trade (GATT). Its passage would almost certainly invite retaliation by both the EC and Japan. This would put at risk some $15 billion yearly in U.S. agricultural exports to these countries.

These are some of the consequences of retaliation: Overall it is estimated that the loss of U.S. jobs would be in the 25,000-30,000 range for each billion dollars in agricultural exports lost.

Japan is our largest single country market for farm products with the total reaching $6.6 billion last year. It is our largest feedgrain market and is one of the top markets for wheat and soybeans as well.

An estimated 1 of every 20 acres in the U.S. produces for the Japanese market; more area is planted for the Japanese market than in Japan itself.

Japan is a reliable customer and we are a reliable source of agricultural products, but we do face strong competition from other agricultural exporting nations such as Canada, Brazil, Argentina and Australia. Japan could retaliate against a devastating blow to its auto market by shifting some of its purchases to those competing suppliers.

Although the loss in U.S. farm exports to Japan could be offset in the short-term by a diversion of trade to markets left unfilled by our competitors as they move to meet greater Japanese demand, the long-term loss woull be great. Competitors would expand production to meet both their traditional and expanded Japanese markets and the U.S. share of world markets would decline.

We have been pressing the Japanese almost continously for liberalization of their import structure, particularly their system of high tariffs, quotas and other non-tariff barriers.

Our principal concerns at this time are quotas on beef, citrus, fruit juices and leather, but there are many more items under quota, including dry beans, flour, peanuts, dairy products and others. Tariffs are inordinately high on such products as soy proteins, chocolate confectioneries, lumber, and plywood. We are attempting to break down non-tariff barriers such as the restrictive cigarette import policies of the Japan Tobacco monopoly.

We have achieved some very modest concessions, but are far short of our goal of the elimination of Japan's import restrictions on beef and citrus products. We started talks in October with the Japanese but they were not prepared to make offers on these important commodities. We expect that there will be movement over the next few weeks to come to grips with the issue. We do not want to jeopardize these prospects.

Certain factions within the EC have been seeking for nearly 20 years to overturn its commitments in GATT to import oilseeds, oilcake, and nongrain feed ingredients, such as corn gluten, free of import duties and restrictions. This legislation may provide those factions with exactly the excuse needed to move the EC to restrict these imports.

In 1981 the European Community's imports of oilseeds, oilcake and nongrain feed ingredients totaled $4.5 billion. We export over half of our soybean and soybean products and the EC buys nearly half of these exports.

We have successfully opposed EC efforts to restrict imports of oilseeds and nongrain feeds on the ground that such actions would be inconsistent with EC GATT obligations and we currently have several actions before the GATT, contending that EC export subsidies and related agricultural trade policies violate the GATT.

This legislation would undercut those positions.

Meanwhile, the U.S. delegation at the GATT Ministerial meeting in Geneva last mon8h stood firm against EC attempts to brush aside the issue of export subsidies.

Groundwork was maid to give this and other agricultural matters high priority at the U.S.-EC Commission cabinet level meeting in Brussels last week. From this came agreement to begin serious work at a meeting in Washington in January toward restoring order in agricultural trade conducted by the United States and the EC.

These talks, those shaping up with Japan, and the total U.S. effort to improve the climate (for more liberal trade would be undermined if this legislation is enacted.

That, Mr. Chairman, is a brief review of the consequences to agriculture that could result from S.2300. Thank you for the opportunity to testify. I will be happy to respond to any further questions.

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News Releases

U.S. Department of Agriculture • Office of Governmental and Public Affairs

FACT SHEET ON PAYMENTS-IN-KIND PROGRAM

Pik in a Nutshell:

The government would offer farmers an amount of commodity—expressed as a percentage of their base program yield per acre—for reducing acreage beyond what is called for in the 1983 programs for wheat, feed grains, rice and upland cotton.

The commodity offer could be less than 100 percent of the quantity taken out of production since production costs are avoided by the farmer, who could receive the same or greater net returns on fewer bushels.

PIK would be self-terminating, ending when excessive stocks have been eliminated, probably after the 1983 or '84 crop year.

Objective:

Reduce stocks while cutting production, lessening the overhang on the market in future years and enhancing prospects for a market-led recovery in farm prices.

Maintain supplies in the marketplace, showing that the U.S. intends to be a reliable supplier abroad.

Less government outlays for farm programs (loan volume, storage and deficiency payments).

Sound conservation practices would be applied to a larger amount of acreage.

Lessen storage space problems.

Stocks:

Commodity stocks offered would most likely come from the farmer-owned reserve, existing Commodity Credit Corporation holdings, and regular loan stocks if necessary.

Eligibility:

Participation in PIK would be conditional on participation in the regular reduced acreage program. Acreage withdrawn under PIK would be in addition to the regular program.

Acreage withdrawn would have to be devoted to conservation uses. Haying and grazing would be permitted on acreage already planted. Summer fallow rules require that the PIK acreage reduction would be comprised of acreage that would have been planted this year. Cross and offsetting compliance would not be required.

Amount of Reduction:

Initial plans would be to offer reduced acreage participants a certain amount of commodity for withdrawing an additional 10 to 30 percent of their base (10-25 percent for upland cotton). The farmer will decide how much to withdraw within that range. The amount of commodity offered for withdrawing acreage has not been established to date.

The possibility would exist that if the 10-30 percent offer failed to reduce a sufficient amount of acreage, a supplemental mechanism would be activated to encourage withdrawal of the entire base acreage for a commodity on some farms. The following procedure would assure a smooth implementation of the supplemental mechanism. At the time producers sign up for PIK, they can also bid on how much commodity they would need to receive per acre from the government to withdraw their entire base acreage. Then, if USDA decided to implement the supplemental mechanism of allowing entire base acreages to be withdrawn, the lowest bids from producers would be accepted first.

In summary, farmers would have the option of: (1) Participating only in the regular farm program; (2) Participating in the regular program, plus the 10-30 percent PIK; or (3) Withdrawing their entire base acreage if their bid is accepted; (4) Not participating at all.

Payment Procedure:

Certificates for the commodity would be issued to participants and could be redeemed for ownership sometime after the first day of the marketing year for each commodity. The 1983 marketing years begin Oct. 1 for corn; June 1, wheat; and Aug. 1, rice and cotton.

After the participant takes ownership, he or she would be responsible for marketing decisions and accrued storage charges. He or she would have 4-6 months to take delivery of the commodity.

In cases where insufficient stocks are available locally for physical transfer of the commodity to the farmer, other options would be

considered. Under one option, a farmer could assume ownership of the commodity at the location where it is stored. Or, CCC could agree to sell the commodity for the participants, who would receive the dollar value which prevails in the farmer's own area at the time of sale. Other options could also be considered.

Authority:

PIK can be largely, if not totally, carried out under existing authority. Legislative assistance would be helpful in two areas, however:

— Exemption to 1981 Farm Act provision that CCC not resell any stocks for less than 110 percent of current farmer-owned reserve trigger prices. Exemption would be only for stocks involved with PIK.

— Need legal clarification of payment limitation provision in the 1981 Farm Act which limits the amount of money a farmer can receive under the farm program.

International Donations:

Secretary of Agriculture John R. Block is asking Congress for authority to distribute surplus CCC grain stocks to the needy in other parts of the world. Authority should be granted under Section 416 of the Agricultural Act of 1949 to distribute stocks of wheat, feed grains, rice and others. Commodities would be targeted in a way that does not compete with commercial sales abroad.

Target Prices:

With reduced rates of inflation, the mandated increases in target prices now provide incentives for production increases at a time when moderation is needed. Thus, Block would like to be able to determine an appropriate target, but not lower than 1983 levels. This authority would apply through the 1985 crop year.

December 10, 1982

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SOLVING GENETIC PUZZLE MAY MAKE WHEAT EVEN MORE NUTRITIOUS

WASHINGTON, Dec. 13—Wheat can be made an even more nutritious food for the world's hungry if a genetic puzzle about this food staple can be solved.

The puzzle: How to change the plant's hereditary pattern.

Frank C. Greene, a chemist pursuing food protein research, said today he hopes to find a solution through gene splicing techniques he is developing for the U.S. Department of Agriculture's Agricultural Research Service in Berkeley, Calif.

Greene will work on the genetic puzzle in a gene splicing experiment that the research agency has selected to receive the T.W. Edminster award honoring its outstanding research proposal for 1982. Edminster was the agency's administrator from 1971 to 1980.

Terry B. Kinney, Jr., who succeeded Edminster, will present the award to Greene in Berkeley Dec. 13.

Kinney said the award-winning proposal developed by Greene makes it possible to hire a research associate to join in the wheat studies.

Olin D. Anderson, a young biochemist from DeQuincy, La., has been chosen as the research associate, Kinney said. Anderson previously was involved in a postdoctoral study at the University of California, Berkeley, on the way genetic material or DNA is expressed in plants and animals.

Greene's proposal was chosen from among those submitted by 49 scientists at agency research locations throughout the country.

Kinney said the award and research associate appointment, now in the second year, are part of the efforts by the Agricultural Research Service to recruit and encourage outstanding young talent in the scientific community to carry out basic research in the agency.

The researchers will use recombinant DNA technology to change the hereditary patterns of wheat. Using extremely sophisticated techniques, the researchers will splice wheat DNA into bacteria. Then, the bacteria will become wheat DNA factories producing large quantities of DNA for further research.

Once the basic molecular structure of the wheat DNA is understood, scientists will have the tools to alter the genetic material of

the wheat. When the genes are altered, the quality and quantity of the wheat also will be fundamentally changed.

Greene has been with the Agricultural Research Service since 1961. He is a chemist in the food proteins research unit at USDA's Western Regional Research Center, Berkeley.

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GYPSY MOTH STILL DESTRUCTIVE AND SPREADING, USDA SAYS

WASHINGTON, Dec. 13—In 1982, gypsy moths stripped 8 million acres of trees in the Northeast—5 million fewer than in 1981, but still the second worst year ever, said a U.S. Department of Agriculture plant health official.

"It has also been a year for extensive gypsy moth spread," said Gary Moorehead of USDA's Animal and Plant Health Inspection Service. "So far, we've confirmed new infestations in 21 counties in 6 states—from Virginia to the West Coast."

The new infestations are in: California, Alameda County (two locations); Illinois, Du Page, Kane and Lake Counties; Indiana, Elkhart County; Minnesota, Ramsey County; Virginia, Caroline, Chesterfield, Fauquier, Frederick, Goochland, Hanover, Henrico, Loudoun, Northhampton, Northumberland, Prince William, Richmond, Shenandoah and Warren counties; and Washington, Pierce County.

In addition, 114 counties in 18 states reported traps containing several moths, according to Moorehead. Additional surveys will determine if these multiple catches represent new infestations.

Moorehead said the moth spreads a few miles each year by natural means—such as the wind—but that outlying infestations are the result of artificial spread.

"A single gypsy moth egg mass—on outdoor household goods moved across the country, for example—can result in a new infestation thousands of miles away," he said. "Even though we enforce regulations designed to prevent long-distance spread on nursery stock, logs and other articles, the number of new infestations has mushroomed."

He said this is partly due to moth population increases in the Northeast.

"Also, movement of people and goods is constantly increasing, compounding the risk of spread," he said.

In 1982, USDA cooperated in eradication treatments in 14 states in 37 locations—using chemical and biological insecticides and mass trapping. Moorehead said discussions are underway on how to deal with the latest infestations and that public meetings will be held.

"People moving vehicles and goods caused this spread," he said, "and people can help prevent it.

"If you live in the infested area, call your state department of agriculture or a USDA-APHIS plant protection and quarantine office before moving outdoor household goods. Inspectors will find and remove egg masses or other moth life stages—to insure that you leave gypsy moths behind when you go."

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FOREIGN ANIMAL DISEASE ADVISORY COMMITTEE TO MEET FEB. 16 AND 17

WASHINGTON, Dec. 14—The secretary of agriculture's advisory committee on foreign animal and poultry diseases will meet Feb. 16 and 17 in the Federal Building, 6505 Belcrest Rd., Hyattsville, Md.

The meeting, which is open to the public, will begin each day at 9 a.m. in the emergency programs information center of USDA's Animal and Plant Health Inspection Service.

Purpose of the meeting is to review recommendations made by the committee at its October meeting, which include USDA restrictions on animal product imports and overseas assignments for federal veterinarians.

The chairman of the advisory committee is Assistant Secretary of Agriculture C. W. McMillan. Harry C. Mussman, APHIS administrator, is vice-chairman.

Advisory committee members are. Harold Neil Becker, Archer, Fla.; Merlyn E. Carlson, Lodge Pole, Neb.; Bert Hawkins, Ontario, Ore.; Frank A. Hayes, Athens, Ga.; John P. Kluge, Ames, Iowa;

Latimer H. Turner, Sarasota, Fla.; Neal F. Black, Egan, Minn.; Walter C. Cottingham, Kingtree, S.C.; John R. Dahl, Gackle, N.D.; Edgar M. Johnson, Rose Hill, N.C.; Jack F. Rundquist, Butler, Ill.; Clarence Miller, Shelbyville, Ky.; T. M. Weddle, Liberty, Ky.; and Ralph Knobel, Fairbury, Neb.

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UNITED AIR LINES, INC., PAYS $6,000 TO SETTLE ANIMAL WELFARE CHARGES

WASHINGTON, Dec. 14—United Air Lines, Inc., Chicago, Ill., has paid a $6,000 penalty to settle a charge of violating the Animal Welfare Act, a U.S. Department of Agriculture official said today.

John Atwell, deputy administrator for USDA's Animal and Plant Health Inspection Service, said the USDA charge involved four shipments of live animals.

One shipment involved a polar bear transported in an inadequately ventilated crate from Omaha, Neb., to Philadelphia, Pa., on Oct. 1, 1981. The bear died shortly after arrival, apparently due to heat prostration.

The other three shipments involved dogs. On Sept. 12, 1979, two dogs shipped by United from San Francisco, Calif., to Dulles International Airport near Washington D.C., died of apparent heat prostration.

Other alleged violations occurred with shipments of dogs on Nov. 5, 1981, from Norfolk, Va., to Imperial Beach, Calif., and on Dec. 21, 1981, from New Castle, Ala., to Colorado Springs, Colo. In those instances, the crates were not structurally sound and did not have adequate ventilation, according to Atwell. He said there were no markings or labeling to indicate "live animals" or arrows to indicate the correct upright position. Also, no feeding or watering instructions were fastened to the outside of the crates.

Atwell said United accepted the fine without admitting or denying the alleged violations. However, the airline agreed to instruct its employees in the regulations and standards of the Animal Welfare Act

and to take action to assure compliance in future handling of live animals.

The Animal Welfare Act requires commercial carriers such as United to meet federal standards for care if they accept live animals for transit. The standards include specifications for the crates in which animals are shipped.

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BLOCK NAMES FOUR TO USDA'S NATIONAL RURAL DEVELOPMENT COUNCIL

WASHINGTON, Dec. 14—Secretary of Agriculture John R. Block has named four new members to the National Advisory Council on Rural Development.

They are: Charles H. Allen, a livestock producer and civic leader of Sinks Grove, W. Va.; Lowell C. Johnson, a North Bend, Neb. businessman and member of the state legislature; Mildred Elliott, of Mount Ayr, Iowa, a farm manager and member of the Iowa Real Estate Commission, and Berta Lee White, of Bailey, Miss., chairperson of the American Farm Bureau Women's Committee and a former member of the Mississippi legislature.

Block said the council will assist him in "identifying rural problems and in supporting Administration efforts in rural development. It also will provide state and local rural development groups with a forum for the discussion of important issues."

Allen, a leader in education for 36 years, has served as associate executive secretary of Ruritan International from 1974-79. He holds a masters degree in education from West Virginia University.

Johnson, an expert in farm property management, has held various business positions in Nebraska. He was president of Johnson-Sloss Land Co., and a director of Equitable Federal Savings and Loan Association of Fremont, Neb.

Elliott, a native Iowan, was for ten years a member of the Governor's Conference on Youth and Children. She and her husband farm 2,800 acres. She has been active in beef and pork producers associations at the local, state and national levels.

White and her husband raise corn, hay and Hereford cattle in Bailey, Miss. She holds a bachelor's degree in political science from the University of Mississippi. She also is active in international agricultural affairs, having served as chairperson of Country Women's Council, USA, and as area vice president of Associated Women of the World.

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GEORGIA FIRM RECALLS BRUNSWICK STEW

WASHINGTON, Dec. 15—The U.S. Department of Agriculture today announced the voluntary recall by a Georgia firm of canned Brunswick stew marketed in Alabama, Florida, Georgia and North Carolina under the "Poss" and "Mask and Gay" brands after evidence was found of clostridia, a food spoilage organism.

The stew is sold under the Poss brand in 23-ounce cans and under the Mask and Gay brand in 106-ounce cans and is produced by Mask and Gay Food Products of Georgia Inc., Brooks, Ga.

Consumers can identify the 23-ounce cans by the Poss label and the codes BK 042, BK 052, BK 082 or BK 092. They can identify the 106-ounce cans by the Mask and Gay label and the code AK 2B04.

"Anyone who has bought Poss or Mask and Gay brands canned stew with any of these codes should return it to the store or distributor from which they bought it," said Donald Houston, administrator of USDA's Food Safety and Inspection Service.

"USDA inspection officials believe the clostridia may have resulted from underprocessing the product," Houston said. "Although most clostridia organisms are not harmful, their presence indicates the more serious food poisoning organism that causes botulism also could be present."

So far, USDA laboratory testing of the stew has not found organisms that cause botulism.

Approximately 68,000 pounds of the product are suspect. However, most has already been accounted for by the company or has been destroyed.

No other products processed by the company are involved in the recall.

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VIRGINIA DECLARED FREE OF BOVINE TUBERCULOSIS

WARRENTON, Va., Dec. 15—Virginia has been recognized as the 21st state to become free of bovine tuberculosis, a U.S. Department of Agriculture veterinarian said today.

John K. Atwell, deputy administrator of USDA's Animal and Plant Health Inspection Service, commended Virginia Commissioner of Agriculture S. Mason Carbaugh at a meeting of the state board of agriculture and consumer services today in Warrenton.

"Virginia's consistently strong tuberculosis testing program and diligent investigation have exemplified your commitment to eradication of this disease," Atwell said. He presented Carbaugh with a certificate recognizing the state as tuberculosis-free.

Atwell said Virginia has enacted a livestock dealer law that requires complete recordkeeping. This enables state and federal veterinarians to trace many types of infection back to source herds, he said.

Virginia's last confirmed tuberculosis outbreak was eliminated in December 1974, with the slaughter of an infected herd in Loudoun county. A quarantine was released from a previously infected herd in Frederick county in 1976, after removal of all TB reactor animals and repeated negative tests of the remainder of the herd.

Atwell said Virginia has ranked in the top third of states in testing for tuberculosis. A total of 41,350 cattle in 5,920 herds were tested during fiscal year 1981.

"Tuberculosis is an insidious disease with a delayed incubation," Atwell said. "It could spread readily were it not for the cooperative state-federal tuberculosis eradication program, which Virginia has supported so well."

Other states that have been formally recognized as free of bovine tuberculosis are Arizona, Colorado, Connecticut, Maine, Maryland, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New

Mexico, New York, North Carolina, North Dakota, Rhode Island, South Carolina, Utah, Vermont, Wisconsin, Wyoming and the U.S. Virgin Islands.

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NEW TECHN0LOGY MAY SAVE U.S. GRAPEFRUIT EXPORT MARKET

WASHINGTON, Dec. 16—Scientists believe they have come up with a new way to kill the Caribbean fruit fly and save the $60-million-a-year grapefruit export business the United States does with Japan.

That technology can keep grapefruit cool in shipment, resulting in a product free of the pests, researchers at the U.S. Department of Agriculture said today. The cooling, they said, could substitute for using ethylene dibromide to protect Japan-bound grapefruit from the fruit flies.

Japan—where grapefruit is considered a delicacy—refuses to import produce suspected of harboring fruit flies.

USDA Agricultural Research Service horticulturist Thurman T. Hatton, Jr., at Orlando, Fla., and entomologist Clarence A. Benschoter at Miami have developed the new pest control treatment as an alternative to fumigation.

In July 1983, the U.S. Environmental Protection Agency is scheduled to make a decision on whether continued use of ethylene dibromide to control fly infestations will be permitted.

"A ruling to ban ethylene dibromide could seriously affect U.S. citrus exports to Japan," said Terry B. Kinney, Jr., administrator of the USDA research agency.

After the merits of using ethylene dibromide to control fruit flies was questioned, Hatton and Benschoter started eight years ago to find an alternative.

Benschoter said old data had shown that fruit held long enough at temperatures below 35 degrees Fahrenheit (1.6 degrees Celsius) would be free of flies.

But this temperature causes chilling injury to the grapefruit, making it unmarketable to Japanese consumers. Chilling injury also makes the fruit more susceptible to disease organisms.

"Through experimentation, we found that by conditioning grapefruit at 60 degrees Fahrenheit (15.6 degrees Celsius) for seven days, it then could be safely held at 35 degrees Fahrenheit (1.6 degrees Celsius) for at least 19 days while in transit to Japan," Hatton said. The Caribbean fruit fly could not survive these temperatures.

Hatton and Benschoter also found that grapefruit quality could be maintained longer under these conditions than under the previous shipping temperatures of 50 to 60 degrees Fahrenheit (10 degrees Celsius to 15.6 degrees Celsius). The researchers conducted more than 50 experiments to determine the right combination of temperatures that would kill fruit flies while maintaining high-quality fruit.

"This cold-treatment of grapefruit will make it possible for shipments to arrive in Japan with high marketable quality without any ethylene dibromide residue," Kinney said.

"Japan is our most valuable grapefruit customer," he said. "These grapefruit sales total more than 6 million boxes of fruit each year."

Kinney said the research should help keep the lucrative grapefruit export market open to Japan and possibly expand the market to $150 million.

Since most grapefruit exported to Japan come from Florida, Kinney said, the Florida citrus industry and the U.S. export market will benefit most from this research.

The research data has been passed on to Japanese plant quarantine experts for their evaluation. If the Japanese concur with the data, they are expected to approve the cold treatment as a method for controlling fruit flies in grapefruit exported to to their country.

Until the Japanese give final approval, USDA's Foreign Agricultural Service and Animal and Plant Health Inspection Service are working with them in helping to explain how this new technology can be used as a safer and more effective alternative to ethylene dibromide for controlling the Caribbean fruit fly.

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USDA ANNOUNCES PROPOSED REGULATIONS FOR ADDITIONAL DAIRY COLLECTIONS

WASHINGTON, Dec. 16—The U.S. Department of Agriculture today issued proposed regulations for collecting a second deduction of 50 cents per hundredweight on the sale of milk marketed commercially by dairy producers beginning next April.

According to Everett Rank, executive vice president of USDA's Commodity Credit Corporation, this second 50-cent deduction is in addition to the 50-cent deduction implemented effective Dec. 1.

The proposed regulations also set forth a procedure for refunding the second 50-cent deduction to those producers who reduce milk marketing by specified amounts, Rank said.

He said the Omnibus Budget Reconciliation Act of 1982 authorizes a second 50-cent deduction to be collected and remitted to CCC during the period April 1, 1983, through Sept. 30, 1985, if: (1) a program is in place to refund the deduction to farmers who reduce their marketings of milk by a specified amount and (2) USDA estimates the net price support purchases of dairy products by CCC for any fiscal year under the milk price support program will exceed 7.5 billion pounds milk equivalent.

Rank said details of the proposed rule will be published in the Dec. 17 Federal Register.

The public is invited to comment on the proposed regulations. The deadline for receiving comments is Feb. 15, and should be addressed to director, analysis division, USDA-ASCS, P.O. Box 2415, Room 3741-S, Washington, D.C. 20013

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USDA INCREASES QUANTITIES OF FOOD COMMODITIES TO MICHIGAN

DETROIT, Dec. 16—The U.S. Department of Agriculture announced today the release of increased quantities of food commodities in Michigan.

In making the announcement, Monroe Woods, midwest regional administrator of USDA's Food and Nutrition Service, said, "All USDA

agencies in Michigan and my regional office staff will work closely with Governor Milliken and other state officials to assure that USDA programs meet the food needs of Michigan's citizens to the fullest extent possible."

The plans for increasing commodities include the following actions: USDA will expand the non-fat dry milk pilot distribution to include Wayne County, Mich., as a distribution site.

Secretary of Agriculture John Block announced the establishment of a pilot distribution of non-fat dry milk in three states earlier this year. At that time, 11 million pounds of non-fat dry milk were authorized to be distributed from September through December of 1982

"Some one million pounds will remain after that distribution is completed," Woods said. "Therefore, we are able to expand the pilot operation to include Wayne County. During January and February of 1983, needy families receiving cheese and butter in Wayne County also will receive non-fat dry milk."

In addition, USDA will release immediately some 21 commodity food items for use in existing as well as new soup kitchens. USDA will also work with state and local officials to establish local agency networks that can receive and distribute cheese and butter throughout the state.

In Detroit and Wayne County, USDA will work with state officials to complete plans to increase the quantity and frequency of cheese and butter distribution to needy families in those areas.

Woods added, "USDA will donate the commodities and will pay for the cost of transporting them to the sites designated by the state. We will work with the state in obtaining volunteers and private sector assistance in the overall distribution of products to households."

The above efforts will supplement existing USDA Food and Nutrition Service food assistance programs already in operation in Michigan. These programs include the food stamp program which serves some 990,000 persons each month; the national school lunch program which provides approximately 850,000 lunches daily; the Women, Infants and Children (WIC) program which provides special benefits to some 77,000 women, infants and children each month; and the commodity supplemental food program, administered by Focus: HOPE in Detroit, which monthly provides nearly 49,000 women, infants and children in Detroit with food commodities. In addition, as a

participant in a pilot project to test the distribution of commodities to elderly persons, Focus: HOPE currently is serving about 1,900 elderly persons a month in the Detroit metropolitan area.

"These existing food assistance programs are operating effectively, but due to the high unemployment and urgent needs identified by Governor Milliken and Mayor Young, these programs will be supplemented in Michigan by the actions I have outlined today," Woods said.

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YEMEN APPROVED FOR BLENDED EXPORT CREDITS AND CCC GUARANTEES

WASHINGTON, Dec. 17—Secretary of Agriculture John R. Block today announced today blended credits of $60 million have been approved for the sale of U.S. wheat and rice to the Yemen Arab Republic. At the same time, he said, approval was given for $3.3 million in guarantees under the regular export credit guarantee program for the purchase of U.S. rice.

"The blended credit and the export credit guarantee program are expected to enable Yemen to increase its imports over the planned level and to give the United States 100 percent of the country's wheat and rice markets in 1983," Block said.

Under the blended credit program, announced Oct. 20, interest-free direct government export credits are blended with government-guaranteed bank credits. A total of $100 million of direct credit and $400 million in credit guarantees has been authorized for the first year of the 3-year, $1.5-billion program. With the credits announced today, all the blended credit funding announced Oct. 20 has been exhausted.

The Yemeni blended credit package of $12 million in direct credit and $48 million in credit guarantees allows for the sale of $55 million in wheat (345,000 metric tons) and $5 million in rice (15,000 metric tons). The $3.3 million in export credit guarantees will allow the sale of an additional 10,000 tons of rice.

"These sales represent substantial additions to both U.S. exports to Yemen and total U.S. exports," Block said. Since average U.S. wheat

exports to Yemen in the last two years were only 1,500 tons, this credit program represents an important gain in wheat sales, he said. For rice, the program will encourage larger imports and maintain the United States' role as leading supplier.

Both the blended credit and credit guarantees for sales to Yemen provide for credits up to three years. To be eligible for blended credit and/or credit guarantees, U.S. exporters must submit a guarantee fee along with an application to CCC before export is completed. The guarantee rates include a fee to provide for yearly interest rate coverage of up to 8 percent on the guaranteed value, not to exceed 98 percent of the port value.

Based on semiannual repayments of principal, plus the accrued interest, the fee rate per $100 is 15.6 cents for six months; 23.4 cents for one year; 39.3 cents for two years and 56.5 cents for three years.

Based on equal annual repayments of principal, plus accrued interest, the fee rate per $100 is 32.9 cents for one year; 50.1 cents for two years and 69.2 cents for three years.

The guarantor will be the Yemen Bank of Reconstruction and Development and/or other eligible banks.

All commodities must be shipped by Sept. 30, 1983.

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